

**AN ORDINANCE BY  
COUNCILMEMBER H. LAMAR WILLIS**

**AN ORDINANCE TO AMEND CHAPTER 162, ARTICLE II, DIVISION 5, SECTION 162 OF THE CITY OF ATLANTA CODE OF ORDINANCES OUTLINING THE TAXICAB REGULATIONS BY ADDING A SUBSECTION THAT ALLOWS TAXICAB COMPANIES AND DRIVERS TO CHARGE TEMPORARY FUEL SURCHARGES.**

**WHEREAS**, the price of fuel for taxicab drivers has reached record highs due to an increase in fuel prices of over thirty percent within the last year;

**WHEREAS**, the City of Atlanta desires to ensure that taxicab drivers are able to realize the necessary revenue to operate economically and efficiently by allowing the drivers to recoup increased fuel costs;

**WHEREAS**, cities such as Seattle, WA; Las Vegas, NV; New York City, NY; Los Angeles, CA; and Washington, D.C. have instituted some variation of a rate increase or fuel surcharge prompted by rising fuel prices;

**WHEREAS**, the City of Atlanta Code of Ordinances does not stipulate that a temporary fuel surcharge can be instituted when necessary;

**WHEREAS**, the council desires to give the Bureau of Taxicabs and Vehicles for Hire the authority to allow temporary fuel surcharges;

**NOW THEREFORE BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF ATLANTA, GEORGIA** as follows:

**SECTION 1**

That Section 162 be amended by adding a subsection entitled, Temporary Fuel Surcharges, which shall read as follows:

- (a) The Bureau of Taxicabs and Vehicles for Hire shall engage in an assessment of fuel prices every three months, the first to occur immediately after adoption of this ordinance and repeating every September 1, December 1, March 1, and July 1.
- (b) At the time of the assessment, if the Bureau finds that the price of fuel exceeds by twenty percent (20%) the average cost of fuel in the Atlanta metropolitan area in the preceding year, as published by the American Automobile Association, the Bureau of Taxicabs and Vehicles for Hire shall be authorized to institute temporary fuel surcharges.

## **Temporary Fuel Surcharges**

### ***White Paper***

***Office of Councilmember H. Lamar Willis***

June 4, 2004

### **Background**

Since January, fuel prices nationwide have increased by nearly thirty percent. Currently, according to the American Automobile Association, fuel prices are hovering around the two-dollar mark, and they have already set records across the country.

In Atlanta, the record price for regular unleaded gasoline was set on May 26, 2004 at \$1.965. This was reached after a near fifteen percent increase of twenty-five cents that occurred in a period of one month. With the threat of terrorism looming over the Mideast crude oil supply, analysts are predicting that fuel prices will remain at their current levels indefinitely.

Undoubtedly, this higher cost of fuel is burdening individual and business consumers alike throughout the city of Atlanta. Taxicab companies and taxicab drivers have been particularly affected by this steep increase in gas prices, as they have been unable to realize reasonable revenue after covering their high operating expenses. This ordinance is an attempt to soften the blow of the high gas prices for taxicab companies and taxicab drivers.

### **Proposal**

This proposed ordinance gives the Bureau of Taxicabs and Vehicles for Hire the authority to institute temporary fuel surcharges in addition to the current taxicab fare. Upon passage of the ordinance, and every three months thereafter, the Bureau will conduct an assessment of metropolitan Atlanta fuel prices. At the time of the assessment, if the Bureau finds that the average price of fuel in metropolitan Atlanta exceeds by 20% the average cost of fuel in metropolitan Atlanta from the preceding year, as published by the American Automobile Association, the Bureau shall then be authorized to institute the temporary fuel surcharges. Upon deciding to institute temporary fuel surcharges, the Bureau shall be charged with notifying the taxicab companies, taxicab drivers, related trade associations, and other stakeholders within ten days.

Once the Bureau institutes the temporary fuel surcharges, all taxicab companies and taxicab drivers shall charge, in addition to the existing fare schedule, \$0.40 for each metered taxicab trip or \$2.00 on trips to or from the Atlanta Hartsfield-Jackson International Airport. Such surcharges will be effective until the time of the next quarterly assessment. If fuel prices have dropped by the following assessment, no fuel surcharge will be authorized. Likewise, if the prices remain to be 20% greater than the previous year's average, the fuel surcharge will continue.

Finally, taxicab drivers will be required to display a printed passenger notice on taxicab dashboards informing passengers that the temporary fuel surcharge will be added to the metered fare or to the flat rate fare due to an increase in gasoline prices.

### Support

**The Bureau of Taxicabs and Vehicles for Hire is currently unable to react to rising fuel prices.** Instituting a temporary fuel surcharge will allow the Bureau of Taxicabs and Vehicles for Hire to respond to the rising fuel prices, as they are currently unable to react. With the taxicab industry being regulated by the city, taxicab companies cannot pass any of their increased costs onto their consumers as most private businesses (like airlines or shipping companies) can. Therefore, the taxicab industry is forced to absorb all of the increased operating costs. As a result, taxicab companies are suffering decreasing revenue as fuel prices increase.

**Several other major cities across the country have already instituted increased taxicab fares, through either temporary or permanent surcharges.** Already, New York City, Los Angeles, Seattle, Las Vegas, and Washington, D.C. have reacted to the increase in fuel prices, while other major cities like Chicago are considering fuel surcharges.

<b>Fuel Surcharges for Taxicabs Across the Country</b>				
<b>City</b>	<b>Metered</b>	<b>Airport</b>	<b>Temporary?</b>	<b>Current State Avg Gas Price</b>
<i>Seattle, WA</i>	\$0.40; \$0.60	\$25.00 waived; w/ option to increase	Yes; discretionary	\$2.30
<i>Los Angeles, CA</i>	\$0.50	\$2.50 added	No	\$2.36
<i>New York, NY</i>	26% increase spread across all fares			\$2.20
<i>Washington, D.C.</i>	10% increase; zone price increase of \$0.50			
<i>Las Vegas, NV</i>	\$0.20		No	\$2.29
<i>*Atlanta, GA (proposed)</i>	\$0.40	\$2.00 added	Yes; 3 months	\$1.92

- *New York, NY:* Taxicab drivers received a permanent increase in fare, accomplished by spreading a 26% across the board among their fees and surcharges.
- *Los Angeles, CA:* Taxicab drivers will charge a \$0.50 on metered trips and a \$2.50 surcharge added to trips originating at the airport.
- *Seattle, WA:* Anytime the price of fuel exceeds by 20% the average cost of fuel in the Seattle metropolitan area in the preceding year, surcharges will go into effect. This year, if fuel prices exceeded \$1.70 for 14 days a fuel surcharge of \$0.40 will apply; if fuel prices exceed \$1.90 for 14 days, a fuel surcharge of \$0.60 will

apply. Additionally, the \$25.00 fixed rate for airport trips can be temporarily suspended when security conditions at the airport increase trip time by ten minutes.





- *Las Vegas, NV:* The city voted to make a temporary fuel surcharge of \$0.20 a permanent fuel surcharge.
- *Washington, D.C.:* Since taxicab fares are based on crossing zones, a \$0.50 increase across some zones was instituted with 10% increase of other fares. Last year, Washington, D.C. added a \$1.00 emergency fuel charge across the board.

**While the cost of taxicab service to the airport increases with the surcharge, taxicabs will still be able to remain competitive with airport shuttles.** Currently, the fare structure to the airport ranges from \$10.00 a person (with multiple passengers) to \$35.00 per person for a single passenger.

A trip for a single passenger from downtown Atlanta to the airport currently costs \$25.00. On the other hand, the airport shuttle, The Atlanta Link, which provides service from downtown to the airport and vice versa, charges \$16.00 per passenger on a one-way trip to the airport. Shuttle service clearly offers more competitive prices for single passengers. Increasing taxicab fare with the fuel surcharge admittedly may put taxicabs at an even greater competitive disadvantage with airport shuttles for single passenger rides.

However, as the number of passengers increases in taxicabs the more competitive the price of a taxicab becomes, even with the additional surcharge. For instance, if two passengers take a taxicab from downtown to the airport, each person pays \$13.00. With the additional temporary fuel surcharge, each passenger would pay \$14.00. Thus, the taxicabs may still remain competitive with the \$16.00 shuttle charge.

Furthermore, although taxicab fares may be less competitive with the temporary surcharge for single passengers, taxicab companies and drivers will still be able to boast convenience versus an the airport shuttles' less convenient multiple stops. Taxicab passengers have long recognized this advantage of taking taxicabs over airport shuttles and will continue to do so despite temporary fuel surcharges.

Flat Rate Zone from Hartsfield				 or +
<b>To Downtown</b>	\$ 25.00	\$ 26.00 (13 ea.)	\$ 30.00 (10 ea.)	\$ 40.00 (10 ea.)*
<b>To Buckhead</b>	\$ 35.00	\$ 36.00 (18 ea.)	\$ 39.00 (13 ea.)	\$ 45.00 (11.25 ea.)*
<b>To Midtown</b>	\$ 28.00	\$ 30.00 (15 ea.)	\$ 35.00 (11.66 ea.)	\$ 40.00 (10 ea.)*

\*an additional \$2.00 charge for each person beyond the fourth.

**The quarterly assessment of the fuel prices will prevent passengers from being burdened with a permanent fuel surcharge.** If fuel prices fall to levels that are less than 20% greater than the previous year's average, taxicab passengers will no longer be subject to paying the fuel surcharge. Therefore, the institution of the fuel surcharges will be consistent with market fluctuations.

The three-month period between assessments may be open to criticism. Potentially, fuel prices could drop soon after the surcharge is instituted, but because an assessment won't take place until three months have passed, passengers will still be burdened with the additional fuel surcharge. This scenario is balanced, however, if gas prices are at an average level at the time of an assessment, but then surge. In such a case, a fuel surcharge would not be instituted until the next quarterly assessment.

Furthermore, because assessments will not happen too frequently, some stability in taxicab fares will be maintained. Admittedly, passengers will become frustrated if taxicab fares fluctuate weekly or monthly at the frequency that fuel prices do. Therefore, quarterly assessments made every three months will allow the Bureau to react to the market while also maintaining stability.